

Spending Time Locally: The Benefits of Time Banks for Local Economies

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Spending time locally: the benefit of time banks for local economies

Abstract

This article explores the potential role of time banks in re-building and sustaining local economies based on two key issues: that time credits need to show that they can help people dependent on limited financial resources; and that they can interact with local businesses. The potential of time credits to interact with local economies has been questioned as alternative community currencies show greater compatibility with business. However this paper argues that the potential of time credits is substantial. Drawing on recent research with a time bank in the Welsh valleys, this paper explores these two issues, to consider the potential of time banks for local economies, beyond their social intervention status.

Introduction

The growing turbulence of the financial market along with rising prices, inflation and unemployment is producing problematic and difficult financial situations not just for individuals and their families, but also local communities. Additionally income inequality is at its highest since 2001, as the richest fifth of the population saw a 1.5% rise in incomes compared to a 0.4% fall for the poorest fifth in 2004/2005 (Brewer *et al.*, 2007). Whilst the ability to fall back on savings is no longer secure as 43% of people have no savings and a further 15% have savings totalling less than half their monthly income (FSA, 2006). Additionally the advent of a new Prime Minister has encouraged academics to consider new policy approaches within local economic development from the Government (Newman, 2008), whilst environmental and financial circumstances raise questions around local communities, local economies and sustainability (Morad, 2008; Hope and Alexander, 2008). It is within this context that this paper explores a potential policy tool for increasing resources within local communities: time credits.

Time credits are a form of community currency generated by time banks. Time banks are predominately considered to be a social intervention (Seyfang, 2006a); some analysis has considered the potential of time credits for local communities economically (Callison, 2003) as well as in terms of environmental sustainability (Seyfang, 2001a, 2006b). This paper draws particular attention to the economic impact of time banks where conclusions drawn claim that not only are benefits unclear in terms of financial assistance but that other forms of community currency are better suited to the task (such as Local Exchange Trading Systems - LETS) and therefore have stronger local economic connections (North, 2003). Drawing on recent research into time banks (Gregory, 2008) this article seeks to question this view and illustrate ways in which time credits are playing a role similar to that of LETS or mainstream finance within one time bank in the Welsh Valleys. Thus showing that time banks have a significant contribution to economic development worthy of attention from national and local policy decision makers. Consequently the analysis requires an understanding of how time credits contribute to, and re-build local communities before addressing the role time credits play in providing additional financial resources and interacting with local economies.

Time Banks

Before considering the role time banks can play in local economies it is important to define them. Time banks are community-based interventions, founded on the ideas of Cahn (2000). They seek to encourage local people to give time to help others in their community and for each hour they give they receive one time credit. Each time credit is worth one hour and can be used to access goods and services provided by other local people involved in the time bank scheme. As Seyfang (2006a: 435) explains:

‘[t]ime banks are a social economy innovation which reward participation in community activities or helping neighbours, and so aim to nurture social capital and networks of reciprocity... [they bring] people and local organisations together to help each other, utilising previously untapped resources and skills, valuing work which is normally unrewarded, and valuing people who find themselves marginalised from the conventional economy.’

Time banks are seen as a means to rebuild communities socially by creating “networks of reciprocity”. Consequently research on time banks is dominated by consideration of the social benefits (see Boyle, ND; 2003; Seyfang 2001b; 2003; 2004a; 2004b; 2006a and Seyfang and Smith 2002) and argues that time banks can generate social, economic and political citizenship by facilitating reciprocal relationships. Subsequently Seyfang (2004a: 64) explains that time credits can be seen to be ‘a radical challenge to existing structures and values by creating an economic space for social inclusion outside the mainstream where social, environmental and ethical rationales drive exchange behaviour, in addition to economic rationality’

Furthermore, through this relationship and network building, time banks generate social capital within communities and can empower individuals. Seyfang (2004a) explains that time banks can establish “weak ties” in communities, thus building social networks between disparate groups rather than strengthening existing community groups which could exclude “others”. This idea is supported by James (2005) who shows how time banks can also bridge generational gaps. The creation of social capital is a vital aspect of time banks and forms one of the four core principles set out by Cahn, the other principles being treating people as assets, re-defining work and reciprocity. These founding aspects were grouped together under the title of co-production and presented as an alternative means of delivering social programmes and services. The potential of time banking and co-production in public service delivery has been explored by the new economics foundation (2004a; 2004b; 2007 and 2008) as well as Boyle (ND). The intention is to show how time banks and co-production can allow services to be designed and delivered by both service providers and users to provide a more effective and empowering service.

Time Banks and Local Economies

From the previous section it is clear that time banks are social interventions designed to promote social capital and social networks. However it remains unclear how time credits can interact with local economies as a “financial” resource. This uncertainty

has been highlighted by Callison (2003) and North (2003). Yet before addressing these concerns it is important to outline the relationship between time banks and local economies as envisioned by Cahn (2000).

A crucial aspect of time banking is the division set out by Cahn (2000) between the market and non-market economies. Society is constructed from these two economies with the non-market economy defined in relation to the *market definition* of work: everything ‘except family, community and democracy’ (Cahn 2000: 41). Ergo the non-market economy consists of family, community and democracy. The operations of these two economies are radically different. On the one hand the market economy attributes monetary value based on scarcity and ability to produce additional money. On the other the non-market economy values the common and items/activities which don’t produce additional money. Consequently Cahn claims that the application of market solutions to social problems will fail because social problems are generated rather than solved by the qualities on which market economies depend: competition, conquest, aggression and acquisition (Cahn, 2000: 58). In contrast the non-market economy presents solutions which draw upon the qualities of co-operation, collaboration and caring. When facing social problems, the non-market economy is the most efficient means of providing solutions: thus ending the “strip mining” of communities of members that may be productive outside of formal employment.

From this perspective it is clear that the *social* aspects of time banks remain central. Yet Cahn outlines some ways in which time credits can become a bridge between the two economies. It is through this connection that *economic* uses of time credits become apparent. Through earning time credits individuals gain an additional resource which can access locally provided services, and other donated goods and products. Cahn provides examples of potential donated goods to include refurbished computers, or some forms of medical equipment (Cahn, 2000: 128-9). Although it is important to consider the different policy context in the UK (outlined by Seyfang and Smith, 2002) which alters exactly what time credits can be used. Nevertheless it is possible to use time credits creatively to provide a range of goods and services: which can help re-build local economies.

Mentioned above is the claim that social, economic and political citizenship are generated by time bank participation (see Seyfang and Smith, 2002). However in focusing on the economic aspect Callison claims that insufficient evidence was gathered to make the economic citizenship claim as “concrete” as that of social citizenship. This was due to limited evidence illustrating how time bank involvement can actually improve participants’ financial circumstances: by directly reducing dependence on mainstream currency. To further explore this issue he examined the work of a time bank in Gorbals to show how time credits (called Liptons) did contribute in some direct way to financial well-being by “paying” for home decorating and a funeral service and wake. However, he goes on to argue that time credits are limited in what they can achieve. Callison (2003: 266) explains that ‘ambitions to set up a Time Bank store of goods and services available for Liptons have foundered on the insistence of the Department of Work and Pensions that such an approach would affect benefit entitlements.’ Consequently, the policy context of the UK places limits on the usability of time credits.

However the analysis by North takes a different route. He focuses on how the factors which are attributed to the failure of LETS to achieve wide scale sustainability, have not been attached to time banks. This is the result of their definition as a social intervention. Yet this definition and the values involved with time banks show that LETS remain a viable alternative able to involve small businesses and tradable goods. The implication of this is that time credits cannot. Because LETS operate a currency which could be easily used by businesses in the local economy they continue to have an advantage over time banks. Consequently North (2003: 270) claims, LETS are capable of going places that the time bank cannot: 'how many hours for a pound of organic carrots?' What this makes clear is a need to understand how LETS interact with local economies making it possible to further explore exactly how time credits do offer themselves as a viable community currency within local economies.

LETS

LETS operate by creating a parallel currency based in the community. This currency mirrors mainstream currency (Bowring, 1998), the value of which is set to match that of the national currency. This is a major difference to time credits where all activities and transactions are measured equally by the hour. Furthermore, LETS currencies fluctuate with national price variations and therefore ascribe different value to different services, unlike the time bank. This is an important aspect of the currency, as Bowring (1998: 96) explains:

'Businesses and organizations competing in the cash economy can only participate in local exchange systems... if trading with the parallel currency is compatible with the principles of economic rationality which regulate the strategic operations of the firm. For the latter, all production costs must be firm and calculable, all utilized resources must be subject to the same standard of valuation. Profits must be measurable and tax payable. Making LETS currency units equal in value to those of the national currency thus enables the partial, and potentially full, participation of established companies in the system.'

LETS rely on a directory, a list of who is able to provide what service and the price they expect to be paid for the work which allows individuals to arrange their own transactions with others. All transactions are monitored by the associations' treasurer who acts as a "banker" to keep records of how much of the alternative currency each person has (see Lang, 1994 and Croall, 1997). However it is this compatibility with mainstream currency which lends LETS currencies to local economic transactions. Because LETS operate in the same manner as mainstream currency and contain equal value to national currency it can facilitate transactions with greater ease compared to time credits. However the potential role time credits can play within a local economy are perhaps greater than claimed. Despite lacking the ability of LETS to share equal value with national currency they do provide an important economic resource: as shall now be illustrated.

Time As Money

Callison and North have both presented reservations about the role that time credits can play in terms of the economy. In considering the first of two key interactions

between time credits and the local economy, attention is drawn to the need to show that time credits can help people dependent on limited financial resources.

One particular issue for Cahn is parenting and child rearing. He criticises the idea that a family raising a child is not considered as work by the market definition. It only becomes work when child rearing is done by a stranger. Time banking can tackle this issue by rewarding those who care for and raise children without relying on a stranger (Cahn; 2000: 120-1). Consequently this focus has drawn a lot of attention of the potential of time credits in providing child care services. Gregory (2008) shows that the time banks are able to provide child care services through the time credit system. This operates by offering parents the opportunity to use time credits to access the service, rather than cash. The child care on offer used local volunteers to collect the children from school (each earning time credits for this service) to be brought back to the centre where trained staff and volunteers ran the child care facility.

Through this system two benefits are created within the local economy. Firstly the ability for families to use time credits to cover the cost of child care instead of having to rely on their financial resources. Such a scheme has important benefits considering the rising cost of child care and the important role placed upon this service by the Labour Government in its bid to encourage more people into employment (DWP: 2008). Furthermore a report by the Daycare Trust (2008) illustrates the increasing financial costs of child care. This rising cost is attributed to the use of market mechanisms and definitions in providing solutions in the non-market sphere. A time bank service provides an alternative means of accessing care services, based on non-market values, which not only reduces the burden on financial resources but also offers increased opportunity for parents to take-up employment (Seyfang and Smith; 2002).

Accessing child care is but one way in which financial resources can be saved by members of a time bank. The development trust which set-up the time bank ran a pilot project to test its reception by the community. This pilot project provided a range of education courses to the community in exchange for time credits and was called the Learning Network.

The Learning Network provided a means of gaining access to education facilities in the community. Prior to this initiative, community members who sought to access education would have to travel ten miles out of the village to go to the nearest town. This scheme operates in the same way as other time bank services: one hour of voluntary work earns one time credit which can be used to access one hour of a course. The courses on offer include Welsh classes, sign language, Information Technology, First Aid, food hygiene and various music lessons. The ability to access learning through time credits can allow local people to gain new qualifications which can increase their employability. Additionally, the ability to access education within one's own community reduces the cost of taking up education (e.g. travel expenses). Consequently, there is potential for such schemes to assist people, firstly by reducing access costs and, secondly, by increasing their employability and incomes through greater qualifications. This latter benefit will subsequently increase the financial resources held by individuals to be utilised within the local community.

However both of these issues do require some form of funding to provide the service. This funding is used to pay for tutors and child care staff. There is also the need for facilities to provide these services. The time bank in this study benefits from operating through an old Workman's Hall in the valley which not only provides the space needed for the various services it offers, but also has been fitted out to have a computer room. Furthermore, in showing how individuals can use time instead of money to access services, the examples show how time credits can be used mainly to benefit the individual. Therefore it adds to the initial ideas around economic citizenship set out by Seyfang and Smith (2002). Time credits can be utilised to reduce costs of services but also to help individuals' access employment which brings in additional resources for the community. Such developments bring clear benefits for the local economy; but there remains a need to consider a second key issue.

Using Time, Saving Money

The second key issue is expressed by North: how can time banks interact with local business. The above section shows how time credits can assist those who use local business, but not how they can assist the local business itself. In this section the focus is on how this can be achieved, thus showing how time credits can be used with local business in a way which benefits the individual, the business and the community.

The first example of how time credits can operate with business relates to a local café. This café was once run as a private business in the village, but it was unsustainable and subsequently was shut down by the owner. The premises were later purchased by the development trust, which re-opened the café. However the café was now designed to operate with paid staff and volunteers earning time credits, and to provide a dual menu: one standard menu, and one time credit menu. Whilst the standard menu provided a list of food for purchase and the price, the time credit menu offered the same food but at half the price. This was done so that those with time credits could pay half in cash and half in time credits (one credit for each hour at the café). Consequently, the café has now become popular in the community, self-sustaining and has contributed to the redevelopment of the "high street" (as most shops have closed).

The consequences of using time credits to operate this café are two-fold. Firstly the new found sustainability of the café has secured two, new paid jobs in the community: jobs that would otherwise have remained lost. Secondly time credits have been used by the business as partial payment for goods which has not only increased the popularity of the café but encourages more people to use its services, because with the use of time credits the cost to their financial resources for buying the goods is reduced. Here the benefits bridge the two key issues identified in this paper. Whilst time credits offer support for business, they also offer reduced costs to customers: this is a situation repeated in further examples below.

Expanding ties with business, the time bank sought to work with a local club in the community. This local club was approached by the time bank and asked to become involved with a scheme which allows the time bank to pay for an act at the club night (predominately cabaret acts). In return for this act the time bank would keep the income from admissions, allowing the club to retain income from the bar. Time credits play a role here as a form of admissions. By allowing people to pay entry with

credits (one credit for every hour) there is potential for the club to increase attendance and therefore customers. This benefits the club, for the greater the number of people, the greater the secondary take, without the cost of putting on an act. Once again we can see how a blend of time credits and cash operate within local business to promote the enterprise and increase its sustainability: the development and use of a second form of complementary community currency can be used to support local business, which might otherwise be failing. This is not to say that there are no potential pitfalls, as the next section illustrates.

The Value of Time

The cost of these developments rests upon the time bank and relies on initial funding to get started, as well as possible continued funding to ensure future provision. Paying for course tutors, child carers or acts at the club does require maintained income, whilst in other instances time credits can lead to creating a self-sustaining business, e.g. the café. How these initiatives would continue if funding were to end is not always clear. Where education services exist there is a solution currently being developed at the research site. Prior to the research taking place the funding period of the Learning Network came to an end, and so funding for course tutors was no longer available. However because of the way in which time banks operate, it is possible for those who have already qualified on an earlier course, for example in IT, to pass on their knowledge and skills to others in the community. Such an approach is being taken by the time bank, although further developing these skills will rely on securing funding for tutors to take more advanced classes.

Nevertheless, by being active in the community it becomes possible for other businesses to not only see how the time credits are being used as a resource to access goods and services, but also consider how they could utilise this currency. Another example of how businesses can get involved was provided when one interviewee discussed how a flower shop in the next village was looking to take time credits in partial payment for goods sold. These developments show how it is possible for communities to move toward dual currency systems which engage all aspects of the market and non-market economy of the community. It was also reported that a gradually increasing number of local businesses were interested in finding out how they could get involved with time credits: but it is too early yet to see further examples of developments between businesses and time banks.

This gradual expansion does, however, present a problem for the time banking movement. Where the goods or services accessed in part, or in full, by time credits corresponds with time, then the value of one credit equals one hour is maintained. This is an important aspect of time banking for it is through this balance that equality and reciprocity are maintained. However, as more businesses get involved there is a potential threat to how this value system works. This threat can be illustrated by comparing the use of a time credit in the café and the flower shop. If Mrs. Smith goes to the café with some friends for a meal, and is there one hour, she can get her meal at half the price with one time credit: a £5 meal becomes £2.50 and one time credit. If she decides to buy some flowers for her house on the way home, goes in to the florist and again uses a time credit, how much of a reduction will she get? Is the time credit worth £2.50? Or do time credits halve the cost of the goods being purchased? Where time is a key factor in the service or goods purchase, there is a clear link with the time

credit based on its value of one hour. But when this link is less certain, how can a time credit operate in the market economy? Exactly how a time credit will interact with the market economy is not always clear, unlike the LETS system, which operates on a parallel currency system.

Conclusion

Within the idea that time credits can support and help re-build local economies two key issues were presented. Firstly, that time credits help reduce dependence on financial resources of the individual/family. Secondly, that time credits can interact with local business. Previous research into time banks has supported their social intervention activities but, has presented limited evidence on their role within economic spheres. The result of this is a belief that, in comparison with other community currencies, such as LETS, time credits provide limited benefits to local economies. The analysis set out in this paper has looked at recent research to consider if these limitations remain and, in doing so, sought to consider this potential anew in the light of our turbulent economic times. Consequently, what has been shown is that the potential of time banks with regards the local economy may not be as limited as earlier believed and that new considerations around value must be carefully addressed.

Where time is a central aspect of an interaction, the value system of the time credit is maintained; however, there are still potential pitfalls which have yet to be fully considered. Consequently, time banks provide additional resources for communities which can reduce dependency on financial resources to access goods and services through the provision of alternative currencies. Furthermore, these currencies can clearly reduce costs of accessing goods and services to individuals, and even increase the financial resources they have to spend in their local economies.

However, the interaction between time credits and business can be problematic as the values and rationale of market and non-market currencies differ. Yet creative use of time credits can present new opportunities in rebuilding or sustaining local economies provided time is a factor within the business transaction. Although limitations remain these can be overcome with a consideration of how time credits operate in transactions. Instead of seeing a “half price” meal at the café, perhaps transactions should be viewed as the cost of materials paid for in cash, and the cost of labour in time. Such a view requires business to consider time credit for its own value (an hour equals an hour), rather than establishing a value equal to that of national currency. Whilst interaction with LETS is less problematic for local business, the success of time credits and their ability to link with local economies indicates that this resource should not be dismissed. Time credits offer ways of re-building social capital in local communities, but they also show an ability to assist in the sustainable development of local business.

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